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Subsidised consumers eat up power tariff cut

By Khaleeq Kiani

ISLAMABAD: Challenges in the power sector continue to grow as the number of poor and subsidised consumers more than doubled to 21 million in three years, offsetting a 62-paisa per unit reduction in the national average electricity rates due from Jan 1.

In a record and historic speed, the National Electric Power Regulatory Authority (Nepra) on Monday issued its determination for annual tariff rebasing just a couple of hours after conducting a public hearing on the government's request. The decision drew criticism from multiple businesses, including representatives of the textile industry and the Federation of Pakistan Chambers of Commerce and Industry.

In its ruling, the regulator said: "Although the average tariff has been reduced by Rs0.62/kWh, the reduction has been eaten up by changes in the sales mix, as the number of subsidised consumers has increased exponentially from 9.5m in FY22 to 20.71m as of June 2025."

All these consumers fall within the consumption bracket of less than 200 units per month, with per-unit rates ranging from Rs7.74 to Rs13 against a marginal rate of about Rs25 per unit. Beyond this consumption, the per-unit rate gradually rises to Rs47 per unit, excluding taxes. "With this shift, consumption by subsidised consumers has also increased from 8.527 billion units in FY21 to 19.7bn units as of June 2025," Nepra added.

The regulator said the total revenue requirement of ex-Wapda distribution companies (Discos) for 2026 decreased by Rs142bn compared to FY26, resulting in the 62-paisa per unit reduction, mainly due to a decrease in the power purchase price (PPP) for CY2026. Going forward, tariff rebasing will take place on a calendar-year basis (starting January 1) instead of the fiscal year, reducing the impact of tariff increases coinciding with high-consumption months starting July 1.

Despite this change in the sales mix, the government decided to maintain the existing applicable tariffs for each consumer category. Out of the total determined revenue requirement of Rs3.379 trillion for Discos, Rs248bn will be covered as a subsidy from the budget.

Various industrialists protested the decision not to pass the 62-paisa per unit reduction to industrial consumers, calling it selective, unjustified, and discriminatory.

Industrial cross-subsidy tariffs continue to carry an estimated Rs5-7 per unit, a policy-driven burden that has rendered Pakistani industry regionally uncompetitive, according to Rehan Javed from Karachi. He added that removing this cross-subsidy would immediately reduce tariffs to 9-10 US cents per unit, restoring competitiveness and supporting exports.

Industrialists argued that uniform tariffs were being used to conceal inefficiencies rather than correct them, with costs being socialised upward through industrial tariffs instead of addressing Disco inefficiencies.

Development fund utilisation surges

ISLAMABAD: The utilisation of federal development funds suddenly jumped to 21 per cent in the first six months of the current fiscal year, up from 9pc a month earlier, according to Ministry of Planning and Development.

"During July-December 2025-26, ministries and divisions sanctioned Rs314.5bn under the Public Sector Development Programme (PSDP), against which reported expenditure stood at Rs210bn," the ministry said in its Monthly Development Outlook (MDU) for January 2026.

A month earlier, the planning ministry had conceded modest spending in the first five months. "Development spending remained modest, with Rs92bn utilised against Rs196bn sanctioned, led mainly by infrastructure," it had reported in its Monthly Development Outlook for December 2025. Even this was aided by better utilisation in foreign-funded projects. "Foreign-funded projects also advanced, with Rs12.8bn spent out of Rs25.1bn sanctioned," the ministry had said last month.

As a result, the utilisation of development funds at Rs210bn (out of Rs1 trillion annual allocation) in 1HFY26 surged by almost 42pc compared to Rs148bn in the corresponding period last fiscal year against Rs1.1tr budget allocation.

Planning Minister Ahsan Iqbal said development spending had a historic trend of a slower pace in the initial months of the fiscal year owing to limits set by the Ministry of Finance that required authorisation of only 35pc allocated funds in the first half, but then picked up as the projects catch pace and quota for funding disbursements increase, enabling 65pc in second half of fiscal year. He also attributed the better utilisation to the close monitoring of high-impact projects.

The report showed the infrastructure sector received an allocation of Rs614.7bn (61pc) for 2025-26, of which Rs117bn had been utilised till Dec 31, 2025. Within the infrastructure, the transport and communication sector received the highest allocation of Rs325.6bn and posted an expenditure of Rs63.1bn.

The energy, physical planning, and housing sectors recorded expenditures of Rs4.3bn and Rs19.4bn, against allocations of Rs122.7bn and Rs68.6bn, respectively. The water sector with an allocation of Rs97.8bn reported an expenditure of Rs30.2bn. The social sector was allocated Rs178.6bn (18pc), wherein, Rs65.3bn was allocated for the education sector, including Higher Education, which spent an amount of Rs16bn. The health and nutrition sector utilised Rs3.6bn against the allocation of Rs16.5bn.—Khaleeq Kiani

US DOLLAR	BUYING Rs280.40	EURO	BUYING Rs327.02
	SELLING Rs281.05		SELLING Rs330.07
GBP	BUYING Rs376.90	UAE DIRHAM	BUYING Rs76.49
	SELLING Rs380.25		SELLING Rs77.25
KSA RIYAL	BUYING Rs74.81	GOLD	TOLA Rs480,962
	SELLING Rs75.39		10 GMS Rs412,347

Move against Fed chief prompts rare pushback

Powell terms renovation charges mere 'pretext'; attempt threatens to upend world financial system

WASHINGTON: The Trump administration's move to open a criminal investigation into Federal Reserve Chair Jerome Powell escalates the president's long-running pressure campaign against the central bank, drawing fire from the Fed chief — who called the move a "pretext" to influence interest rates — and condemnation from his predecessors, as well as key members of the Republican Party.

The Justice Department's threat of indictment, ostensibly focused on comments Powell made to Congress about a building renovation project, also sent rates on longer-term US Treasury bonds up, as investors parsed what a less independent Fed could mean for inflation and monetary policy.

Such a market reaction could, if amplified, constrain Trump's efforts to reshape the Fed, considered the most influential central bank in the world and a cornerstone of the world financial system. It could also backfire against Trump's efforts to address broad concerns about "affordability" if long-term borrowing costs rise further.

The independence of central banks, at least in setting rates in order to control inflation, is considered a central tenet of robust economic policy, insulating monetary policymakers from short-term political considerations and allowing them to focus on longer-term efforts to keep prices relatively stable.

In an extraordinary statement released on Sunday, Powell took aim at the Trump administration's "unprecedented action" of opening an inquiry against him. He said the Fed received grand jury subpoenas and threats of a criminal indictment relating to his Senate testimony in June.

JEROME Powell.—AFP

The issue at hand was a $2.5 billion renovation of Fed headquarters, which Trump has repeatedly attacked Powell over. Last year, the president floated the possibility of firing Powell over cost overruns for the historic buildings' facelift.

But Powell dismissed the renovation and testimony as "pretexts".

"The threat of criminal charges is a consequence of the Federal Reserve setting interest rates based on our best assessment of what will serve the public, rather than following the preferences of the president," he said. He vowed to carry out his duties "without political fear or favour".

Trump has regularly slammed Powell, calling him a "numbskull" and "moron" for the Fed's policy decisions and not cutting borrowing costs more sharply.

On Monday, ex-Fed chiefs Ben Bernanke, Alan Greenspan and Janet Yellen joined other former economic leaders in issuing a sharp criticism of the Department of Justice's probe. In a joint statement, they called it "an unprecedented attempt to use prosecutorial attacks" to undermine the Fed's independence.

"This is how monetary policy is made in emerging markets with weak institutions, with highly negative consequences for inflation and the functioning of their economies more broadly," the statement added.

The independent Fed has a dual mandate to keep prices stable and unemployment low.—Agencies

Policies being evolved to support SMEs

By Our Staff Reporter

KARACHI: Special Assistant to the Prime Minister (SAPM) on Industries and Production Haroon Akhtar Khan has said that supporting small and medium enterprises (SMEs) through responsive policies and targeted facilitation will help unlock growth, reduce the trade deficit, and create much-needed jobs.

During his visit to Techno Auto Glass Ltd, Pak Suzuki Motor Company Ltd, and Aisha Steel Mills at Bin Qasim Industrial Park on Monday, he expressed appreciation for the industrial infrastructure that is helping create highly skilled, much-needed jobs in the manufacturing sector.

He pledged the government's support for the sector, especially by facilitating higher volumes of small cars for Pakistan's middle and lower-middle classes, who currently use motorcycles.

Mr Haroon was briefed by industry representatives and Smeda Chief Executive Officer Nadia Jahangir Seth on the contribution of SME clusters to Pakistan's manufacturing and export sectors.

Around 75 companies in the automotive and automotive parts industry operate in Bin Qasim and surrounding areas, providing employment to almost 100,000 people and producing high-quality local parts used in the automotive sector.

Ms Seth briefed the SAPM on ongoing initiatives to support SME clusters, including efforts to improve access to finance, enhance technology, and expand market linkages.

The industry stakeholders pledged to further increase their localisation efforts to reduce costs and transfer skilled jobs to Pakistan, creating opportunities for the young population.

A STEEP jump in the international price of gold by $77 per ounce to $4,586 has taken the domestic 10-gram and one-tola gold rates to an all-time high of Rs412,347 and Rs480,962, respectively, showing a surge of Rs6,602 and Rs7,700 from Saturday.—AFP

Sindh ginners drive historic cotton shift

Record inter-provincial purchases boost number of ginning units in Sindh amid rapid closures in Punjab

By Amjad Mahmood

LAHORE: Sindh's cotton ginning sector has witnessed an unprecedented surge during the 2025-26 season, driven by record purchases from Punjab and Balochistan, a trend described as the highest in Pakistan's history.

The number of active ginning factories in Sindh has risen sharply over the years. Pakistan Cotton Ginners Association (PCGA) data show that as of Dec 31, 2023, only 31 ginning factories were operational across Sindh, rising to 67 by Dec 31, 2024, and reaching a record 82 by Dec 31, 2025.

Traditionally, major cotton zones of Sindh, including Badin, Thatta, Mirpurkhas, Hyderabad, Umerkot, and Sanghar, used to begin sowing cotton in February-March, with the ginning season starting in June and ending in October-November. During this period, several Punjab-based ginners would purchase cotton from Sindh to run their factories. However, over the past two to three years, Sindh ginners have increasingly started buying large quantities of high-quality cotton from major markets in Punjab — particularly Rahim Yar Khan, Bahawalpur, Bahawalnagar, Dera Ghazi Khan, Khanewal, and Vehari — as well as from Balochistan. This shift has led to a continuous rise in the number of active ginning factories in Sindh by the end of December each year.

Meanwhile, the large-scale movement of cotton from Punjab to Sindh has led to a steady decline in the number of active ginning factories in Punjab.

According to PCGA data, Punjab had 210 active ginning factories as of Dec 31, 2023, which fell to 155 in December 2024 and further declined to just 140 by December 2025. Further reductions are feared in the coming years.

In terms of arrivals, Punjab's ginning factories had received cotton equivalent to 2.541 million bales, while Sindh recorded arrivals of 2.893m bales, including 179,000 bales from Balochistan, by Dec 31, 2025.

In comparison, Punjab had received 2.718m bales, while Sindh recorded 1.812m bales, including 92,000 bales from Balochistan, by Dec 31, 2022.

Cotton Ginners Forum Chairman Ihsanul Haq notes that most active ginning factories in Sindh's cotton zones are currently mixing high- and medium-quality cotton for ginning, enabling textile mills to procure lint at comparatively lower prices. This has led to sustained demand and rising prices. Over the past week alone, cotton prices have increased by Rs200 to Rs300, rising from Rs15,000 to around Rs15,300 per maund, while premium-quality cotton prices have remained capped at around Rs16,000 per maund.

He also points out unverified reports suggesting that some Sindh ginners are mixing high-quality cotton purchased from Punjab and Balochistan with waste cotton to produce lint, a practice that has already triggered several complaints.

Automobile sales jump 46pc

By Our Staff Reporter

KARACHI: Sales of cars, LCVs, pickups and vans surged by 46 per cent to 88,322 units in the first half of the current fiscal year (FY26) from 60,675 units in the same period of FY25, despite a drop in sales during December 2025.

Sales of this category stood at 13,280 units in December, reflecting a 35pc year-on-year (YoY) rise but a 14pc month-on-month (MoM) decline.

According to Topline Securities, the strong yearly growth was fuelled by new market entrants, lower interest rates, easing inflation and improving macroeconomic sentiment. However, MoM sales declined mainly due to the year-end effect, as buyers delayed deliveries and new purchases in anticipation of new-year registrations.

Honda Atlas Cars Limited (HACL) posted YoY growth of 75pc but recorded a MoM decline to 1,943 units in December 2025. Sales of Honda City and Civic models rose 79pc YoY to 1,739 units, while BR-V and HR-V sales increased 46pc YoY to 204 units. During July-December FY26, HACL sold 12,039 units, up 70pc over the same period last fiscal.

Indus Motor Company (IMC) recorded 40pc YoY growth to 2,312 units. Combined sales of Toyota Corolla, Yaris and Cross rose 83pc YoY but fell 35pc MoM to 2,116 units. Meanwhile, Fortuner and IMV sales plunged 61pc YoY and 67pc MoM to 196 units. Total IMC sales increased 64pc to 20,563 units in IHFY26.

Hyundai Nishat Motors (HNM) reported YoY growth of 11pc and MoM growth of 2pc, supported by a 105pc YoY rise in Sonata and a 52pc increase in Elantra sales. Hyundai sold 6,716 units in IHFY26, up 58pc YoY.

Sazgar Engineering Works Limited (SEWL) sold 1,165 units in December 2025, up five per cent MoM. Its July–December FY26 sales rose 72pc to 7,210 units.

Pak Suzuki Motor Company Limited (PSMCL) posted a modest YoY growth of 9pc to 6,531 units, driven mainly by a nearly twelvefold rise in Every sales and a 51pc increase in Swift sales, reaching 1,330 and 1,009 units, respectively. Overall, PSMCL sold 40,380 units in IHFY26, up 27pc YoY.

Two- and three-wheeler sales rose 36pc YoY but declined three per cent MoM to 160,408 units in December, taking IHFY26 sales to 923,759 units, a 33pc YoY increase. Atlas Honda sold 790,978 units in IHFY26, up 35pc YoY, and recorded an all-time high monthly sale of 143,091 units in December.

Tractor sales fell sharply by 52pc YoY and seven per cent MoM to 3,399 units in December, while IHFY26 sales declined 26pc to 12,929 units. Truck and bus sales surged 93pc YoY but dropped 30pc MoM to 372 units. Total truck and bus sales in IHFY26 stood at 3,531 units, up 96pc YoY. Auto sector expert Mashood Ali Khan said 2025 saw policy instability and the impact of used car imports, but proactive government measures yielded positive results.

JVs in electric bikes

ISLAMABAD: A Chinese electric motorcycle company is exploring opportunities for collaboration, localisation and investment in Pakistan's emerging electric vehicle sector. A three-member delegation of Chaoniu Electric Motorcycle Company on Monday held wide-ranging discussions with senior officials of the Board of Investment.—Reporter

Equities lose another 2,025 points

By Muhammad Kashif

KARACHI: The Pakistan Stock Exchange (PSX) received a massive battering for the third straight session on Monday, as investors continued offloading their positions to book profits, forcing the benchmark index to hit an intraday low of 182,303 after a five-day record-setting spell in the new calendar year that catapulted it to an unprecedented 187,000-point-plus.

According to Topline Securities Ltd, the market witnessed a noticeable slowdown in activity as buying interest from local funds tapered off following last week's robust rally. With the market having advanced nearly 3 per cent on a week-on-week basis, investors chose to lock in gains, resulting in broad-based profit-taking during the session.

The index came under pressure early on, touching an intraday low of 2,106 points, before settling at 182,384.15, down 2,025.52 points or 1.10pc. The pullback appeared to be a healthy consolidation after the recent sharp upmove, rather than a shift in the market's underlying sentiment.

On the downside, System Ltd, United Bank, Meezan Bank, Engro Holdings, and Fauji Fertiliser cumulatively contributed 782 points to the index's decline.

Market participation edged up with the total volume rising 2.41pc to 105 billion shares. However, the traded value fell 8.75pc to Rs. 48.2bn. Fauji Fertiliser led the volume chart, with 65.6 million shares changing hands.

Ali Najib, Deputy Head of Trading at Arif Habib Ltd (AHL), said PSX commenced the week on a negative note, with market sentiment remaining weak amid rising geopolitical uncertainty, particularly in the Middle East. The exchange of aggressive diplomatic statements kept investors cautious and risk-averse throughout the session.

On the corporate front, Nishat Chunian Power Ltd and Nishat Power Ltd hit their upper caps following NexGen Auto, a subsidiary of the Nishat Group, introducing the Jaecoo J5 HEV in Pakistan over the weekend at a price point that undercuts competing models.

Analysts at AHL believe the market may consolidate for a few sessions within the 180,000-187,000 range amid rising geopolitical uncertainty. However, any pullback should offer an opportunity to strengthen positions, as the market remains fundamentally well supported.

PAKISTAN STOCK EXCHANGE

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GAINERS		LOSERS		LEADERS*	
Tandlianwala Sugar	19.44	PIA Holding CoB	200.00	Fauji Foods Ltd	65.61
Pak Engineering	14.99	Unilever Foods	82.99	Worldcall Telecom	51.25
PNSC	14.29	Rafhan Maize	80.46	Hascol Petroleum	47.26
Nishat Mills	12.41	Sazgar Engg	77.10	Bank of Punjab	45.60
Shakarganj Limited	10.32	Indus Motor	72.04	Lotte Chemical	44.73

(Share values in rupees) * Volume in millions of traded shares

INDICATORS	Monday	Previous		Change
KSE 100-SHARE INDEX (Points)	182,384.15	184,409.67	▼	2,025.52
KSE 30-SHARE INDEX (Points)	55,901.83	56,593.88	▼	692.05
MARKET CAPITAL (Rs billion)	20,599.599	20,768.092	▼	168.493
TRADING VALUE (Rs billion)	48.237	52.924	▼	4.687

ACTIVITY

Total listed	532
Active	481
Gainers	161
Losers	284

PARTICIPANTS

Foreign	▲$2.56m
Companies	▲$3.00m
Banks	▼$1.00m
Mutual Funds	▼$0.24m
Individuals	▼$5.13m